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OUR DUTY TOWARD MEXICO AND CENTRAL AMERICA

By Theodore Paschke, Member of the American Society of Civil Engineers

The trend of current events in the factional strife for political supremacy in the neighboring Republic of Mexico points straight to a condition of complete anarchy.

When, in addition to such a prospective view it is considered that similar political disturbances, transpire with almost periodical regularity now in one, then in another of the smaller republics of Central America, it indeed becomes imperative for this great nation to adopt, inaugurate and pursue consistently a policy of constructive friendly intervention, which not only will discharge our solemn obligation contracted with the enforcement of the Monroe Doctrine, but which at the same time will be helpful to these smaller and weaker neighbors in their struggle for more advanced and stable conditions of government.

Moreover, with the care and protection of the Panama Canal it becomes of utmost importance that, in the countries which intervene, peaceful and orderly conditions prevail at all times.

Contemplating the geographical situation of these countries with reference to the Panama Canal Zone, and our newly acquired responsibility therewith, it is but natural that the long advocated and almost forgotten project of the Intercontinental or Pan-American Railway comes into view, and one intuitively traces its course through these much troubled, but richly endowed countries, to the canal.

At the International American Conference held in the city of Washington on the twenty-sixth day of February, 1890, certain principles were adopted by that body with reference to the Pan-American railway project, which

was then being called into life by that far seeing statesman of ours, James G. Blaine. Under paragraph 14, occurs the following: "That the Railroad should be declared forever neutral for the purpose of securing freedom of traffic."

As this idea of neutralizing the railway was voiced by a conference in which all the countries of the three Americas were represented, it goes without saying that all are ready to support it. This then introduces the element of coöperation, which in proper combination with the foregoing at once produces a "community of interest" among the nations concerned, which in this case would be the United States of America, Mexico, and the six Republics of Central America, namely: Guatamela, Salvador, Honduras, Nicaragua, Costa Rica and Panama.

Thus it is seen how readily a neutralized Pan-American railway lends itself to establish a Pan-American "community of interest." This principle then, of a neutral Pan-American railway to the Canal Zone, has been taken as the starting point to trace out the skeleton of a plan for a covenant among the nations named, which surely will work for their mutual benefit and be a guarantor of peace in all.

Briefly, this plan is as follows:

The United States of America to conclude a treaty of peace, amity and commerce with Mexico, Guatemala, Salvador, Honduras, Nicaragua, Costa Rica, and Panama, having for its main object the coöperative construction and operation of the Pan-American railway starting from some convenient point on the southern border of the United States, passing through Mexico and all the other countries named, to the canal at Panama. The treaty to prescribe the essential basic features of the plan on which the work is to be carried out and the principles on which the railway, when completed, is to be operated. The treaty also to provide the formation of a Pan-American Railroad Commission composed of representatives of all the countries party to the treaty. This commission to be given authority to work out all the details of the enterprise in accordance with the principles prescribed by the treaty, and to exercise a full

control over the financing, the work of construction, and the operation of the railway.

The basic feature of that part of the treaty which refers to the Pan-American railway, to be shaped and developed on somewhat the following lines:

First. The line of the railway is to pass through the territory of every country south of the United States, which is a party to the said treaty. Existing railways to be utilized as far as practicable and compatible with the route and conditions of the railway line as a whole. The commission is to be guided in the selection of the route as far as practicable by the surveys and location of the railway as given in the reports of the International Railroad Commission of 1898.

Second. Each nation, through whose territory the railway passes, is to have the unreserved inalienable ownership of the section of the railway located in its territory, said ownership to consist of the right of way, or the land on which the railway and its outworks are constructed, and to include all such works as cuts and fills, bridges, viaducts, tunnels, etc., which go to form the roadbed of the railway complete throughout the entire length of the territorial section.

To cover the cost of construction or acquisition of existing railway lines from private ownership, as may be necessary throughout its own territorial section, each government is to issue its own special bonds which may be termed construction bonds. These bonds to be placed in the hands of said Railway Commission with authority to sell them and to devote the proceeds to the construction of new lines or acquisition of existing lines as the case may be. The said commission is to act in all such cases, as the agent of the respective government, and is to have full control of the negotiations for the acquisition of existing lines and over the construction of new lines.

In case, the existing railway line which is to be used in the proposed railway, is owned by the government in whose territory it is located, the said government is to turn over to the control of said commission, the roadbed thereof as previously described. The said commission is to make a

valuation of said roadbed and credit the respective Governments with the value thereof. Interest on such valuation as well as on the construction bonds is to be paid by the said commission and shall have the first lien on the net earnings of the railway.

Third. The roadbed of the railway line thus acquired by the Commission for its control is to be leased to an operating company which is to equip the line in its entirety. The equipment is to comprise the track, consisting of rails, ties, and ballast, all necessary station buildings, rolling stock of every description, buildings fully equipped for the necessary repair and maintenance of rolling stock and all other apparatus and appliances necessary for operation.

In cases where existing lines, which are to be acquired to form connecting links in the proposed railway, are owned and operated by the Government, the existing equipment or so much thereof as may be made available for use in the operation, is to be acquired by purchase by the operating company on a valuation made by the Commission. Like proceedings to be followed with such existing lines which are owned by private corporations.

The operating company, in order to meet the cost of such equipment, may issue its bonds for the full amount thereof, subject to the approval of the Commission.

Fourth. In consideration of the great benefits which will result to this country, the United States, as a whole, and the advantages it will give to its commerce and industry, and with the object of prompt achievement, and with the view of relieving the operating company from any embarrassment in the sale of its bonds, the Government of the United States is to assume its share of the burden by guaranteeing the interest on the equipment bonds, receiving a first lien on the property.

Fifth. The railroad to be declared neutral, for the purpose of securing freedom of traffic. To make this effective, the Commission is to organize a Railway Guard on a military basis, which in ordinary times is to consist of a comparatively small body of officers and men recruited proportionately from all the countries who are a party to the

treaty, and whose functions will partake of the character of an international police, having supervision over the properties of the railroad to secure its neutrality.

Whenever the neutrality of the railway is in danger of being violated by an enemy from without or within, in any of the countries who are a party to the treaty, the General Staff of the Railway Guard is to be in full charge of any operation necessary to protect and defend the railway against violations of its neutrality, for which purpose it may, through the Commission, call upon the various Governments for any additional contingent of force deemed necessary.

The railway is not to be used for the transportation of war materials or military forces, except when they are consigned as through freight or passage, or when they are consigned to a regularly constituted, lawful, and recognized Government of the high contracting parties. By a recognized Government is meant here, a Government whose duly appointed representative as a member of the said Pan-American Railway Commission, has been accepted and admitted as such by the unanimous vote of the Commission.

Sixth. In order not to encumber the enterprise from the start with extraordinary overhead charges, such as would be caused by the necessary expenditures for the organization and maintenance of the Railway Commission and the Railway Guard, it is proposed that these expenses are met by direct pro-rata contributions from the various Governments of the high contracting parties.

The following table of distances is given to furnish data on which to base a calculation for the financial requirements of the enterprise. It will be seen that the entire length of the railway would be 3000 miles. Estimating the cost of the roadbed as defined in the foregoing paragraphs at \$25,000 per mile, and the equipment of the line as much again, brings the total cost up to \$50,000 per mile, making the grand total amount of capital involved, \$150,000,000, of which one-half or \$75,000,000 would be furnished by the several countries through which the railway line passes and the other half, \$75,000,000 by the operating company.

Pan-American Railway, Mexico, Central American Division, Table of Distances in Miles

COUNTRY	BUILT	TO BE BUILT	TOTAL
Mexico, Piedras Negros to Mariscal	1612		1612
Guatemala	120	60	180
Salvador	64	167	231
Honduras		72	72
Nicaragua	104	107	211
Costa Rica		360	360
Panama		334	334
Total	1900	1100	3000

It is but proper that something be said on the business outlook of the undertaking. While the complete data for a forecast of prospective earnings of the proposed railway as a whole is not available, "Poors Manual," furnishes data of the net earnings of the National railways of Mexico as follows:

YEAR	NET EARNINGS MEX. CURRENCY	PER MILE AMER. GOLD	MILES OPERATED
1908-1909	\$3,757.00	\$1,800.00	5227
1909-1910	4,705.00	2,300.00	5261
1910-1911*	3,531.00	1,750.00	6132

* The falling off in the net earnings for 1910-1911 was undoubtedly due to the Revolutionary Movement.

Additional data on net earnings of some Central American railroads has been obtained from the United Fruit Company, which company is operating the railway systems of Guatemala under the name of the International Railways of Central America; also the combined railways of Costa Rica.

The net earnings per mile of both systems are as follows:

International¹ Railways of Central America: For the year 1911, 403.04 or \$1,961.39 Am. Gold, a total of 466.4 miles being operated.

¹ The International Railways of Central America are extending their system from Guatemala into Salvador, their objective point being the Gulf of Fonseca. This done, will give an all rail connection between the United States and the Gulf of Fonseca, on the shores of which our Government proposes to construct a naval base.

Costa Rican Railways: For the year 1911, \$2688.37 Am. Gold, a total of 375 miles being operated.

As initial showings of net earning power, these figures indicate a remarkable robust vitality in these comparatively young railway systems and hold out the promise that under normal peaceful conditions, they will grow with the orderly development of their countries into strong properties. With the additional stimulus due to the operation of a through line, well administered, a new interstate traffic will be created, which added to the through traffic sure to be developed, will further enhance the earning power of the proposed railway.

It will thus be seen that the prospective earning power of the proposed railway line rests on a good sound and substantial basis.

The early completion of the construction of the Pan-American Railway to the City of Panama, with its neutralization and operation controlled by an International Railroad Commission, as above outlined, would be a proper complement to the great work of building the Panama Canal, and worthy of the ideals for which this great nation stands. It would for the present, conserve the integral character of each of the Central American Countries, so dear to each of them. It would offer free and more frequent intercommunication with one another, establish closer commercial and social relations, and in due time would bring them to the point where they would recognize the utility of a closer political and economic union among themselves and thus proclaim the true spirit of the Monroe Doctrine.

ORIGIN AND PRECEDENT OF THE PLAN

The organization plan proposed in the preceding pages for the construction and operation of the Pan-American railway is not at all chimerical, new, untried or complicated. It is modelled in a degree after the plan upon which the original system of Rapid Transit subways in the City of New York was built, and is being operated with remark-

able success. The fundamental feature in the New York Subway plan, is the coöperation between the city and private enterprise. This combination was brought about by circumstances somewhat analagous to the ones which surround the Pan-American railway project, namely: The timidity of private capital to venture singlehanded in an undertaking of great expense and comparatively new in character. On the other hand, the city needed the transit lines badly enough for its own development, but was prevented from assuming the entire expenditure required for the project, by constitutional impediments; hence the coöperative plan. Under this plan, the city constructed for its own account the subway structure corresponding to an ordinary railway as to the graded roadbed with its bridges, tunnels and all other works pertaining to the stability thereof. The cost of this construction was met by the city by a special issue of bonds (Rapid Transit Construction Bonds), the interest and amortization of which was to be paid from the earnings of the railway.

The subway structure, so constructed and owned by the city was leased to an operating company for a term of fifty years. The company to equip for its own account, the railway complete in its entirety, which included construction and installation of power stations for furnishing the electric motive power, rolling stock, repair shops, and all other necessary appurtenances for operation. The operating company met this cost by its own issue of bonds (Equipment Bonds).

A Public Service Commission appointed by the Governor of the State is in full control of all operations which begin with the laying out of the routes, planning the construction, letting of contracts for the construction, supervising the construction of the same, approving the operator's plans for the equipment and finally of all the essential features of operating the railway, which concern the safety and convenience of the travelling public.

It is thus seen that the principal business features which go to make up the framework of the organization plan for the proposed Pan-American railway, are founded on actual and successful business practices in the American metropolis.

SOME ADVANTAGES OF THE PLAN

The feature of coöperation which has been applied to the project is real, not nominal; it calls for a material and constantly active participation by all the nations involved in all the affairs of the railway from its first stages of its existence, through all the subsequent stages of organization, surveys, location and construction, to the last act of operating.

The community of interest which will thus be established among all of these nations, will bear good fruit in that it will bring them together with great frequency in conference on matters relating to the railway, an object of common interest to all. They will learn of other views on vital points in one's life, get to know one another better, and learn to respect and tolerate their neighbors' views, and thus the sessions of the Railway Commission in themselves will exercise a wholesome educational influence on all.

The proposed railway will be under the mutual co-operative Protectorate of all in preserving its character of neutrality, thereby assuring an uninterrupted service, placing it beyond the bane of foes of law and order. The railway thus becomes the guarantor of peace throughout the countries traversed.

The railway will be a great factor in the development of the resources of the Central American Countries, indeed it will prove to be the key to what Humboldt so aptly called the "Storehouse of the World."

In its location through the Republics of Salvador, Honduras and Nicaragua, the railway runs along the border of the Gulf of Fonseca in its entire extent. To appreciate fully what this means, the following description of the gulf, is quoted from the Report of the Intercontinental Railroad Commission of 1898:

The Gulf of Fonseca is without question the finest harbor on the Pacific Coast of America. Its extreme length is from 50 to 60 miles, and its average width about 30 miles. It contains a number of islands, is well protected and its extent is such that it is capable of sheltering the combined navies of the world.

As our administration at Washington has secured by treaty with the Republic of Nicaragua the right for the establishment of a naval base on this gulf, the railway becomes of considerable strategical importance in the defence of the canal.

The railway will provide easy means of intercommunication among the various countries from one end to the other, promoting business and social intercourse among them, enlarging and broadening the business as well as the patriotic views of their people until gradually sectionalism with its baneful influences among the Central American States will be entirely overcome, and their union so long sought for and ardently desired by all Central American patriots, is finally obtained.